

Questions for the Record for Ambassador Robert E. Lighthizer
U.S. House Ways and Means Committee
Hearing on U.S.-China Trade
February 27, 2019

From Trade Subcommittee Chairman Earl Blumenauer to Ambassador Robert E. Lighthizer

1. During the hearing, you estimated that the agreement text with China covering intellectual property issues would come out to around 28 pages. You later estimated that the entire set of agreements with China could result in roughly 150 pages of text. As you are negotiating these agreements, do you intend that their provisions will require reciprocal commitments by the United States? Will those commitments taken by the United States result in sanctions or other economic consequences if U.S. policies or laws were to change? If so, do you plan to submit these agreements to Congress for review and/or approval? What is the legal basis for your view?

Answer: Consultation with Congress is an important part of addressing the challenge from China. My staff and I have frequently sought input from Members of both the House and the Senate during the course of the Section 301 investigation and during this phase of negotiation with China. Any resulting agreement would reflect that input. The current negotiations with China are an attempt to reach an executive agreement that would be entered into under the existing authority of the President and USTR. Any agreement will not require changes to U.S. law.

2. As the Administration negotiates an agreement with China on currency manipulation, it would be helpful to understand how you assess the value of the yuan (Renminbi). What constitutes unacceptable yuan weakness? Below 7 to the dollar for more than a month? Not rising at all if the dollar depreciates 10% against the euro and yen? Falling 4% annually against the dollar for 5 years?

Answer: As I noted in during the hearing, the Secretary of the Treasury is responsible for evaluating the currency practices of the United States' major trading partners. With respect to the China negotiations, the talks are still underway, but address a range of issues including, currency practices. The aim is to reach agreement to refrain from competitive devaluations in currency and to agree to a certain level of transparency that would be enforceable under the agreement.

3. Since the dollar is the global currency and the yuan is dependent on the dollar, it would seem that the United States could not simply mirror China's policies on exchange rates. With that in mind, how would the United States respond if this weakness occurred? With tariffs?

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4. It seems that the Administration is asking for market-oriented policies within China, but also intervention to ensure the yuan is stable. Will the liberalization we want weaken the yuan or does the Administration think China will seek alternative ways to take advantage of its trading partners?

Answer: I defer to the Treasury Department on questions relating to China's currency practices.